MONTANA LEGISLATIVE HISTORY

Chapter 390 19 77

Bill H 769 S _____ Original bill & history ✓ C

H. Committee on Highways		S. Committee on Taxation	
Hearing Date(s) 2-17	✓ C	Hearing Date(s) 4-4	✓ C
_____	___ C	_____	___ C
_____	___ C	_____	___ C
_____	___ C	_____	___ C
Date Out _____	___ C		

Did this bill originate in an interim committee? ___ Yes ___ No

Committee _____ Report _____

House BILL NO. 769

INTRODUCED BY W. Boeth

BY REQUEST OF THE DEPARTMENT OF HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT TO DESIGNATE A STATE MAINTENANCE SYSTEM FOR PUBLIC HIGHWAYS AND TO PROVIDE ADDITIONAL FUNDING THEREFOR BY INCREASING THE TAX ON GASOLINE AND SPECIAL FUELS BY 1/4 CENT PER GALLON; AMENDING SECTIONS 84-1832.1 AND 84-1847, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. There is a new R.C.M. section numbered 32-2407.1 that reads as follows:

32-2407.1. State maintenance system. The commission shall designate the following public highways in the state to be included in the state maintenance system:

(1) the federal-aid interstate system as defined by 32-2203(18);

(2) the federal-aid primary system as defined by 32-2203(19) and urban extensions thereto;

(3) those portions of the federal-aid secondary system defined by 32-2203(20) and urban extensions thereto, as are designated by the commission;

(4) other public highways or portions thereof which are not included within the systems above named, which are designated by the commission.

Section 2. Section 84-1832.1, R.C.M. 1947, is amended to read as follows:

"84-1832.1. Tax to be collected on diesel fuel and liquid petroleum gas, when. The state department of revenue shall, under the provisions of rules and regulations issued by the department, collect or cause to be collected from the owners or operators of motor vehicles a tax in an amount equal to ~~nine and three-quarters cents ($.09 3/4)~~ 10 cents for each gallon of diesel fuel or other volatile liquid except liquid petroleum gas, of less than forty-six degrees (46°) A.P.I. (American Petroleum Institute) gravity test when actually sold or used to produce motor power to propel motor vehicles upon the public highways or streets within the state of Montana, or used in motor vehicles, motorized equipment and the internal combustion of any and all engines including stationary engines used in connection with any and all work performed under any and all contracts pertaining to the construction, reconstruction or improvement of any highway or street and their appurtenances awarded by any and all public agencies, including federal, state, county, municipalities, or other political subdivisions."

Section 3. Section 84-1847, R.C.M. 1947, is amended to read as follows:

"84-1847. Gasoline license tax — amount. Every

LC 1401/01

distributor shall pay to the state department of revenue a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to one cent (1¢) for each gallon of aviation gasoline, which shall be allocated to the aeronautics commission, as provided by section 1-501, R.C.M. 1947, as amended, and ~~seven and three-quarters cents ($.07 3/4)~~ 8 cents for each gallon of all other gasoline distributed by him within the state and upon which the gasoline license tax has not been paid by any other distributor. Gasoline exported or sold for export out of the state of Montana shall not be included in the measure of the distributor's license tax."

Section 4. There is a new R.C.M. section numbered 32-2407.2 that reads as follows:

32-2407.2. Funding highway system maintenance. For the purpose of funding the increased cost of maintaining the state highway system as designated in 32-2407.1, 1/4 cent per gallon of the special fuel tax collected under 84-1832.1 and 1/4 cent per gallon of the gasoline license tax collected under 84-1847 are allocated therefor.

-End-

STATE OF MONTANA

REQUEST NO. 505-77

FISCAL NOTE

Form BD-15

Compliance with a written request received February 14, 19 77, there is hereby submitted a Fiscal Note for House Bill 769 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to designate a state maintenance system for public highways and to provide additional funding by increasing the gasoline tax from 7 3/4 cents for each gallon to 8 cents and diesel fuel and liquid petroleum gas from 9 3/4 cents for each gallon to 10 cents per gallon.

ASSUMPTIONS:

Gallonage used will increase by 3% in FY 77, 3.48% in FY 78, and 3.458% in FY 79.

Local governments may enter into an agreement with the Highway Commission to assume responsibility for maintenance of portions of state highways and be reimbursed by the Highway Commission for expenses incurred while performing such duties.

The Highway Commission will assume the responsibility for maintaining 334 miles of state highways that are currently being maintained by the units of local government.

FISCAL IMPACT:

	FY 78	FY 79
Increased Revenues		
Gasoline Tax Revenue		
Under current law	$34,912,325	$36,119,593
Under proposed law	36,038,525	37,284,593
Increased revenue under proposed law	1,126,200	1,165,000
Diesel Tax Revenue		
Under current law	8,305,217	8,592,411
Under proposed law	8,518,217	8,812,711
Increased revenue under proposed law	213,000	220,300
Total increased revenue under proposed law	1,339,200	1,385,300
Less: Increased Expenditures		
Personal services	435,348	443,613
Operating expenses	425,533	460,312
Buildings	317,500	0
Equipment	752,000	0
Total increased expenditures	1,930,381	903,925
Net fiscal impact	($ 591,181)	$ 481,375

Richard A. Dunn

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-18-77

HIGHWAYS AND
TRANSPORTATION COMMITTEE

45th Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HJR 60	"A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA DIRECTING THE DEPARTMENT OF HIGHWAYS TO.."	2/9/77	Bradley Meloy	2/17/77	AS AMENDED, DO PASS	2/22/77
SB 312	"AN ACT TO PROVIDE THAT REGISTRATION FEES AND THE REFLECTORIZATION FEE ASSESSED UPON MOTOR VEHICLES BEING REGISTERED OR REREGISTERED.."	2/9/77	Graham	3/10/77	CONCURRED IN	3/10/77
HJR 61	"A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING THE BUTTE TECHNICAL ADVISORY .."	2/10/77	Mular Quilici	2/22/77	DO PASS	2/22/77
HB 769	"AN ACT TO DESIGNATE A STATE MAINTENANCE SYSTEM FOR PUBLIC HIGHWAYS AND TO PROVIDE ADDITIONAL FUNDING THEREFOR BY INCREASING THE TAX ON .."	2/11/77	Baeth	2/17/77	AS AMENDED, DO PASS	2/17/77
HJR 64	"A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA TO ENCOURAGE THE CONGRESS TO TAKE NECESSARY.."	2/11/77	E. Gunderson Robbins	2/17/77	DO PASS	2/17/77
HB 369	"AN ACT TO PROVIDE FOR OPERATION OF SNOWMOBILES BY PERSONS BETWEEN THE AGE OF 12 AND 16 YEARS WITHOUT A DRIVER's LICENSE IF .."	2/11/77	Ellison	2/22/77	DO NOT PASS	2/22/77

HIGHWAYS AND TRANSPORTATION
COMMITTEE

February 17, 1977

The Committee on Highways and Transportation was called to order on February 17, 1977 at 10:00 a.m. with Chairman Baeth presiding and all members were present.

The following bills were scheduled for discussion today: HB 632, HB 769 and HJR 64.

HOUSE BILL 769

Chairman Baeth is the sponsor of this bill and turned over the chair to Vice-Chairman Kanduch. Chairman Baeth then said he wanted Jim Beck, attorney for the Department of Highways, to speak in his place.

Jim Beck said this bill was introduced at the request of the Department of Highways. Its purpose is to designate a state maintenance system for public highways and to provide additional funding therefor by increasing the tax on gasoline and special fuels by 1/4 cent per gallon.

There has been some question as to who is responsible for maintenace of different highways and roads. Two similar bills were introduced: HB 632 and HB 769. HB 769 provides for funding, which HB 632 does not.

Jim Beck suggested an amendment to HB 769 which he feels takes care of the provisions of HB 632 and thus makes that bill unnecessary. This amendment said that the Highway Commission will maintain all roads that it has been doing as of July 1, 1976. It further provides that the Department of Highways will enter into agreements with local governing bodies to maintain portions of our public highways that are in their locality and paying them for the work.

He went into details of why this 1/4 cent extra revenue is needed. In the last few years, 700 miles of secondary roads were transferred from secondary system to the primary system. 334 of them had been maintained by the counties. Once they are in the primary system, they become the responsibility of the Department of Highways. This made a big fiscal impact on the department.

Mr. Donald Gruel, administrator of the Maintenance Division of the Department of Highways, said in 1968 the department of highways assumed most all federal-aid system roads within municipalities. With the advent of the federal-aid urban system, many more miles of highway were added and included on the urban system.

The 1973 federal-aid highway act required a study of reclassification of roads. It was determined that 763 miles of existing secondary system roads would be transferred to the primary system. The Department of Highways had maintained 429 miles of the 763, but this added 334 miles.

Their estimate of maintenance costs of this additional 334 miles of new primary highway will cost $1,930,381 for the first year and $903,925 for the second year in the next biennium. The 1/4 cent tax on fuels would supply enough revenue to cover these costs. If municipalities or counties were contracted to do this work, corresponding revenue would be transferred to them.

Proponent David Hunter of the Montana League of Cities and Towns said they feel this bill will take care of our maintenance problems and they support it.

Proponent Ken Haag of City of Billings said he supports this bill and the suggested amendment.

Proponent George Hammond, representing Montana Council No. 9 of AFSCME, AFL-CIO, and former highway employee, said they feel this small increase will not greatly affect the price of gasoline and will do alot of good in the maintenance of highways.

Jim Beck gave the committee a detailed Montana map marked by this department showing which areas and roads would be affected.

He said their appropriation bill is being held until this bill has been decided upon. This extra revenue from this bill is necessary because the department cannot absorb the added costs of this additional 334 miles.

It is estimated that 2.7 million would be generated next year by this bill if it is passed.

Hearing closed on HB 769. All materials marked Exhibit 11.

HOUSE BILL 632

Chairman Baeth, chief sponsor of this bill, turned over the chair to Vice-Chairman Kanduch. He then introduced Jim Beck, attorney for the Department of Highways.

Mr. Beck said it is their feeling that with the amendments in HB 769 which covers the pertinent parts of this HB 632, they suggest that HB 632 be killed.

Hearing closed on HB 632.

A subcommittee on HB 627 was named: Tropila, O'Keefe, Mular, Baeth and Keyser.

HOUSE BILL 769

Rep. Kanduch moved to accept the suggested amendments on this bill. This was unanimously carried. Rep. Mular made a motion of AS AMENDED DO PASS. Ten yes with Keyser, Tropila and Kropp voting no. (10 yes, 3 no) Motion carried.

HOUSE BILL 632

Rep. Kanduch made a motion of DO NOT PASS. Rep. Kropp seconded it. It was unanimously passed.

HOUSE JOINT RESOLUTION 64

Rep. Tropila made a motion of DO PASS. It was unanimously carried.

Rep. Pistoria made a motion that the committee make a resolution, according to his typed suggestion, on vehicle noise pollution. Rep. Tropila seconded it. 8 yes votes, with Kropp, Hansen, Underdal, Wood and Keyser voting no. (8 yes, 5 no) It requires a 3/4 vote, so motion failed.

Executive Session ended at 12:00 noon.

William R. Baeth

William R. Baeth, Chairman

45th LEGISLATIVE SESSION

COMMITTEE ON TAXATION

HOUSE LL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
706	3/5	3/28	4/15 -	TABLED					
722	3/5	3/21	3/24						3/24
728	4/6	4/13	4/14					4/14	
735	3/25	4/1	4/1					4/1	
737	3/8	3/31	4/14					4/14	
743	2/21	3/16	3/16						3/16
754	4/5	4/12	4/12 -	TABLED					
755	3/3	3/12	3/12				3/12		
757	2/23	3/12	3/12					3/12	
769	3/7	3/30	4/4				4/4		
773	3/5	3/23	4/5					4/5	
779	4/5	4/14	4/14					4/14	
821	4/6	4/13	4/13						4/13
823	4/18	4/18	4/18				4/18		

Use Separate Sheet for Senate, House Bills, and Resolutions)

Mr. Beck distributed Exh. #2 to show the cost charts he referred to during his testimony.

The committee discussed the two other bills that related to this bill and Sen. Dick Smith was present to support the 'snowmobile bill' HB340. The committee discussed HB769, the 1/4¢ special fuel tax, HB340 and HB635, the 'motor boat bill.' HB340 and 635 had been transferred to this committee so all of them might be considered together following the hearing on HB769. There followed a discussion and although some of the committee expressed their opinions that snowmobiles constituted a 'nuisance', others of the committee felt they have a place if control of the machines is maintained.

Sen. Towe Moved HB340 Be Concurred In. The motion resulted in a 5-5 tie.

Later in the meeting Sen. Turnage Moved as a Substitute Motion that HB340 Be Tabled. A roll call vote was taken which resulted in a 2-6 vote,, thus the motion failed.

DISPOSITION: HB340 goes out of committee with a BE CONCURRED IN, WITHOUT RECOMMENDATION, as a result of the 5-5 tie.

Following discussion of HB635 a motion was made.

Sen. Turnage Moved HB635 Be Not Concurred In. The roll call vote resulted in a 5-5 tie vote. Sen. Watt then Moved HB635 Be Tabled. A roll call vote was taken on this motion and there was another tie vote 5-5, thus this motion also failed.

DISPOSITION: Sen. Watt then Moved HB769 Be Concurred In. The motion carried 8-2.

The committee then discussed HB773 regarding the oversight tax committee. Mr. Tippy had been instructed to prepare some amendments and he introduced Exh. #3 "issues to consider" to present to the committee. The members then discussed these issues and agreed on their importance. They expressed the belief that the committee should include 4 from the taxation committees, and 2 from local government committees, all bi-partisan and it was agreed that Sen. Fasbender should be considered from the Committee at Large. They further believed the committee should be composed of 12 members.

They also stated their opinion that the bill should be amended to state the appropriation would come from the Legislative Council Office for funding and that the staff be furnished by the Department of Revenue. A motion was made to specify this; motion carried unanimously.

ROLL CALL

SENATE TAXATION COMMITTEE

45th LEGISLATIVE SESSION - - 1977 Date 4/4/77

NAME	PRESENT	ABSENT	EXCUSED
SEN. WATT	✓		
SEN. BROWN	✓		
SEN. GOODOVER	✓		
SEN. HEALY	✓		
SEN. MANNING	✓		
SEN. NORMAN	✓		
SEN. ROSKIE	✓		
SEN. TOWE	✓		
SEN. TURNAGE	✓		
CHAIRMAN MATHERS	✓		

Each day attach to minutes.

STANDING COMMITTEE REPORT

April 4 19 77

MR. PRESIDENT

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 769

Respectfully report as follows: That HOUSE Bill No. 769

BE CONCURRED IN

~~DO PASS~~

WILLIAM MATHERS Chairman.

STATE PUB. CO.
Helena, Mont.

SENATE COMMITTEE TAXATION

Date 4/4/77 Dave Bill No. 769 Time 9:12 a.

NAME	YES	NO
SEN. WATT	X	
SEN. BROWN	X	
SEN. GOODOVER	X	
SEN. HEALY	X	
SEN. MANNING	X	
SEN. NORMAN		X
SEN. ROSKIE	X	
SEN. TOWE	X	
SEN. TURNAGE		X
CHAIRMAN MATHERS	X	
	8	2

Nita Fjeseth
Secretary

William L. Mathers
Chairman

Motion: Be Conc. Ln.

Carried

(include enough information on motion--put with yellow copy of committee report.)

HOUSE BILL NO. 769

INTRODUCED BY W. BAETH

BY REQUEST OF THE DEPARTMENT OF HIGHWAYS

A BILL FOR AN ACT ENTITLED: "AN ACT TO DESIGNATE A STATE MAINTENANCE SYSTEM FOR PUBLIC HIGHWAYS AND TO PROVIDE ADDITIONAL FUNDING THEREFOR BY INCREASING THE TAX ON GASOLINE AND SPECIAL FUELS BY 1/4 CENT PER GALLON; AMENDING SECTIONS 84-1832.1 AND 84-1847, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. There is a new R.C.M. section numbered 32-2407.1 that reads as follows:

32-2407.1. State maintenance system. The commission shall designate the following public highways in the state to be included in the state maintenance system:

(1) the federal-aid interstate system as defined by 32-2203(18);

(2) the federal-aid primary system as defined by 32-2203(19) and urban extensions thereto;

(3) those portions of the federal-aid secondary system defined by 32-2203(20) and urban extensions thereto, as are designated by the commission;

(4) other public highways or portions thereof which are not included within the systems above named, which are designated by the commission.

SECTION 2. THERE IS A NEW R.C.M. SECTION NUMBERED 32-2402.2 THAT READS AS FOLLOWS:

32-2402.2. Highway department maintenance responsibility. The department shall have the responsibility for maintenance of all public highways or portions thereof that it maintained on July 1, 1976.

SECTION 3. THERE IS A NEW R.C.M. SECTION NUMBERED 32-2402.3 THAT READS AS FOLLOWS:

32-2402.3. Department maintenance agreements with local governments. The department may enter into an agreement with a local governing body to maintain portions of public highways within its boundaries upon such terms and conditions as may be agreed upon.

Section 4. Section 84-1832.1, R.C.M. 1947, is amended to read as follows:

"84-1832.1. Tax to be collected on diesel fuel and liquid petroleum gas, when. The state department of revenue shall, under the provisions of rules and regulations issued by the department, collect or cause to be collected from the owners or operators of motor vehicles a tax in an amount equal to ~~nine-and-three-quarters-cents-($.09-3/4)~~ 10 cents for each gallon of diesel fuel or other volatile liquid except liquid petroleum gas, of less than forty-six degrees (46°) A.P.I. (American Petroleum Institute) gravity test

REFERENCE BILL

when actually sold or used to produce motor power to propel motor vehicles upon the public highways or streets within the state of Montana, or used in motor vehicles, motorized equipment and the internal combustion of any and all engines including stationary engines used in connection with any and all work performed under any and all contracts pertaining to the construction, reconstruction or improvement of any highway or street and their appurtenances awarded by any and all public agencies, including federal, state, county, municipalities, or other political subdivisions."

Section 5. Section 84-1847, R.C.M. 1947, is amended to read as follows:

"84-1847. Gasoline license tax -- amount. Every distributor shall pay to the state department of revenue a license tax for the privilege of engaging in and carrying on business in this state in an amount equal to one cent (1[) for each gallon of aviation gasoline, which shall be allocated to the aeronautics commission, as provided by section 1-501, R.C.M. 1947, as amended, and ~~seven--and three-quarters--cents--(7.75)~~ 8 cents for each gallon of all other gasoline distributed by him within the state and upon which the gasoline license tax has not been paid by any other distributor. Gasoline exported or sold for export out of the state of Montana shall not be included in the measure of the distributor's license tax."

Section 6. There is a new R.C.M. section numbered ~~32-2407.2~~ 32-2407.4 that reads as follows:

~~32-2407.2~~32-2407.4. Funding highway system maintenance. For the purpose of funding the increased cost of maintaining the state highway system as designated in 32-2407.1, 1/4 cent per gallon of the special fuel tax collected under 84-1832.1 and 1/4 cent per gallon of the gasoline license tax collected under 84-1847 are allocated therefor.

-End-